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News Release

NYNEX

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Contact: Bob Varettoni, 212-395-0500
Jack Hoey, 617-743-4760

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**NYNEX Reaches New Agreements With MFS
To Interconnect Telephone Networks in New York, Massachusetts**

NYNEX announced today (6/27) that it has signed new agreements with MFS Communications Company, Inc., designed to meet the 14-point checklist detailed in the Telecommunications Act of 1996, one of the requirements for NYNEX's entry into the long-distance market in New York and Massachusetts.

These interconnection agreements expand on similar arrangements NYNEX reached with MFS in New York and Massachusetts last year to connect the two companies' telephone networks, furthering competition in local markets.

NYNEX expects today's agreements to serve as templates for the negotiation of other agreements throughout its service area, which also includes Maine, Vermont, New Hampshire, Rhode Island and a small portion of Connecticut.

"This should accelerate the development of other interconnection agreements and bring NYNEX one step closer to entrance into the multi-billion-dollar long-distance market in the Northeast," said Jack Goldberg, NYNEX Vice President - Wholesale Markets. "These agreements with MFS further solidify NYNEX's position as a supplier of wholesale services to new entrants in the local exchange market."

"In New York, we're building further upon the landmark agreement NYNEX signed with MFS nearly 18 months ago," said William R. Allan, Vice President - Regulatory Affairs for NYNEX in New York.

William J. McIntyre, NYNEX Vice President for Massachusetts, said, "By further opening up the Massachusetts market to competition, this comprehensive agreement clearly

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demonstrates that NYNEX is serious about entering new lines of business that will mean growth for our company in our state."

Section 271 of the Telecommunications Act includes a 14-point checklist. Before NYNEX can provide long-distance service originating in a state in its service territory, NYNEX must meet the checklist in that state. The interconnection agreement with MFS seeks to comply with all the points in this checklist by providing a blueprint for how the two competitors will connect their networks.

Among issues addressed are resale of local service; access to unbundled network elements; reciprocal per-minute charges for the completion of local calls originated on each network; number portability; and the availability of enhanced calling features, such as Caller ID, over either company's network.

NYNEX is a global communications and media company that provides a full range of services in the northeastern United States and high-growth markets around the world, including the United Kingdom, Thailand, Gibraltar, Greece, Indonesia, the Philippines, Poland, Slovakia and the Czech Republic. The company is a leader in telecommunications, wireless communications, directory publishing and video entertainment and information services.

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NYNEX/MFS Interconnection Agreement At-a-Glance

- Three-year agreement
- Facilities-based interconnection with unbundled network elements and resale
- Reciprocal compensation and Points of Interconnection (POI)
- NYNEX/MFS charge each other blended rate of \$.008/mou (minutes of use)
- Rate adjusted for aggregate Time of Day factor on a bi-annual basis
- NYNEX continues to offer meet-point billing and tandem transient service
- Reciprocal call termination rate applies LATA-wide in New York State pursuant to applicable tariffs and for local traffic in Mass. For intraLATA toll traffic in Mass., carrier access rates will apply

Unbundled elements

- Switched Voice Grade Analog Links (SVGALs) initially priced at existing tariff rates or interim contract rates
- SVGALs/links rates are true-up after a final link rate is determined
- Unbundled analog ports also available
- Bona fide request process to address additional network elements
- Premium links for ISDN and other future services will be provided

Interim Number Portability (INP)

- NYNEX and MFS offer INP at \$2.00/month for business and \$1.00/month for residence
- Both parties will transition to permanent number portability consistent with regulatory orders
- Trial a 976 interim number portability arrangement in New York

Directory Listings, Directory Assistance, Operator Services

- NYNEX to include primary listing for no charge. All other listing services at tariffed rates
- MFS customer service information to be included in Customer Guide pages
- Directory Assistance/Operator Services available at retail rate with volume discounts in New York State. Also available in Mass. without volume discounts

Resale

- Retail business service generally available at 6.2% discounts increased over three years to 8.9%
- Retail residence service generally available at 8.0% discount increased over three years to 11.5%
- Term and Volume discounts for resale to be negotiated based on receipt of a bona fide request
- Resale start on 10/1/96 in New York State and 3/1/97 in Mass.

MFS Executes Co-Carrier Interconnection Agreement With NYNEX

Company Expects State Commissions to Set Local Loop Pricing in

NYNEX Service Territory

Company Requests Formal Arbitration Over Interconnection

Arrangements with US West and Bell South

OMAHA, Neb., June 27 /PRNewswire/ -- MFS Communications Company, Inc. (MFS) announced today that -- in line with the pro-competitive provisions of the Telecommunications Act of 1996 -- it has entered into a local telephone service co-carrier interconnection agreement with NYNEX, covering New York and Massachusetts.

This is MFS' second agreement with a Regional Bell Operating Company (RBOC), which seeks to satisfy the facilities-based interconnection requirements of Section 251 of the Telecommunications Act of 1996. The first agreement of this type was made with Ameritech in May 1996, covering its five state territory of Illinois, Indiana, Michigan, Ohio and Wisconsin. This is NYNEX's first interconnection agreement with a competitor which is designed to satisfy Section 251 of the Act.

"NYNEX is to be commended for its efforts to meet its obligations under the new law," said James Q. Crowe, chairman and chief executive officer of MFS. "NYNEX understands our commitment to offer high quality local switched services and that this agreement, coupled with effective implementation by both companies, is key to accomplishing our goal in two of our most important states. The agreement provides both incentives and safeguards to encourage NYNEX to cooperate fully in the provision of interconnected service."

Under the new law, many of the new rights enjoyed by the RBOCs are contingent upon their ability to create an environment allowing economically efficient competition in their local markets. The Act mandates a specific 14 point co-carrier "checklist" that defines various pro-competitive actions that RBOCs must take before being allowed to provide inter-LATA long-distance service within their own service territories. Although the agreement covers all the aspects of the checklist, the parties will rely on the individual state regulatory agencies to set the future local loop rate.

Under the agreement, MFS will continue offering broad-based local exchange services throughout New York and Massachusetts, but on more favorable economic and technical terms and conditions. In 1995, MFS reached limited, interim interconnection agreements with NYNEX and has, since then, been offering competitive local switched services in the New York and Boston markets.

"We entered this agreement because MFS is committed to offering extensive local switched services in the NYNEX region," said Crowe. "This agreement provides us the specific tools to do so and accelerates our provision of competitive local services in this region."

Elements of the Agreement

The MFS-NYNEX agreement builds on MFS' practical experience of providing local services in other markets and addresses the myriad complex procedures necessary to effect local competition and the interconnection of the two companies' networks. Included in the agreement are provisions providing for:

- * Interconnection at any technically feasible point within NYNEX's network, equal in quality to what it provides to itself or to affiliates, including via a dual fiber optic SONET network connection.
- * Exchange of all local traffic at a fully reciprocal and identical \$.008 rate per minute, regardless of the point of interconnection.
- * Receipt by MFS of terminating access charges for long-distance calls made to its customers, including residual interconnection charges and full "pass through" to MFS of such compensation on number portable calls.
- * Interim number portability arrangements to allow customers to keep their telephone numbers when they switch carriers
- * Unbundled network elements, including local loop transmission from NYNEX central offices to the customer's premises distinct from local switching or other services. Pricing of local loops will be determined by the relevant state and federal regulatory authorities.
- * Nondiscriminatory access to 911 and emergency 911 services; directory assistance services to allow MFS customers to obtain telephone numbers; operator call completion services and white pages directory listings for MFS' customers.
- * Access to the poles, ducts, conduits and rights-of-way owned or controlled by NYNEX at just, reasonable and nondiscriminatory rates.

The agreement specifies the procedures for NYNEX to provision and implement these activities on a detailed, technical and practical basis. Failure to perform these functions in a satisfactory or timely manner, under the agreement, will subject NYNEX to damages and other penalties. The agreement will be submitted for approval to the individual state regulatory agencies and, ultimately, the Federal Communications Commission (FCC).

Company to Take Advantage of Arbitration Under the Telecommunications Act of 1996

MFS sought to negotiate similar Section 251 interconnection agreements with US West and Bell South, but the parties could not come to agreement over the basic terms of interconnection, as outlined above. MFS has filed a request for arbitration with the following state Public Utility Commissions in US West's service territory: Arizona, Colorado, Minnesota, Oregon and Washington State. And, MFS will file a request for arbitration in Bell South's service territories of Florida and Georgia. Under the Act, the states must render arbitrated decisions within four and a half months.

The Telecommunications Act of 1996 gives competitive service providers the right to request arbitration, if the two parties are not able to come to agreement on the basic terms of interconnection.

Continuing Negotiations With the Remaining Regional Bell Operating Companies

MFS is in the process of negotiating interconnection agreements with the remaining Regional Bell Operating Companies as well as several large independent telephone companies. Absent successful completion of negotiations, MFS expects to seek arbitrated agreements in these remaining jurisdictions.

MFS is a leading provider of communication services for business and government. Through its operating company subsidiaries, MFS provides one-stop shopping for integrated local and long distance services as well as a wide range of high-quality voice, data and other enhanced services and systems specifically designed to meet the requirements of business and government customers. MFS' common stock is traded on the Nasdaq National Market under the symbol MFST. MFS is headquartered in Omaha, Nebraska.

/CONTACT: Media: Josh Howell or Claire Dunnett, 708-218-7232, or Investors:
Gary Brandt, 402-231-3432, all of MFS/
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